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S E C R E T PANAMA 000625

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SUBJECT: THE GANG THREAT ON PANAMA'S COSTA RICAN BORDER

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Classified By: AMBASSADOR BARBARA J. STEPHENSON FOR REASONS 1.4 (b) AND
(d)

Summary

11. (S//NF) The border between Panama and Costa Rica has been described as a "no mans' land", where drugs flow across into Costa Rica and guns and money flow back into Panama. With parallel roads along either side of the border, over 200 possible crossing points, a free trade zone town sitting on the border itself, and chaotic and corrupt security agencies on the Panamanian side, it is virtually impossible to control the border itself. This wide open border has led to the growth of an important gun market on the Costa Rican side of the border which supplies the FARC, DTOs and local gangs with weapons, while large amounts of drugs and cash flow across the border. It has also created an "undergoverned space" that Central American and Mexican gangs may be exploiting to lay low and build a new base of operations. Panama's National Frontier Service (SENAFRONT) reports an increase in assassinations in the area, which has traditionally been largely free of violent crime. The National Aero-Naval Service (SENAN) believes that recent maritime interdiction efforts may be forcing traffickers to move loads to land and take them through Panama on the Pan-American Highway, and across the border into Costa Rica. Post is concerned that an increase in overland drug and arms trafficking may further destabilize Panama and the other Central American nations. This is the exact opposite result than was intended when the strategy to increase maritime pressure was implemented (see ref tel). Post is further concerned that incremental attempts to increase law enforcement pressure on the land route may lead the Mexican, Central American or Colombian DTOs to move to take control of the border through increased acts of violence to ensure their control over the route.

12. (S//NF) Post will work with the GOP to design a law enforcement strategy for the border area to disrupt the land trafficking routes, and so discourage the cartels from trying to gain control of the area. Law Enforcement agencies at Post

are redirecting assets to the Costa Rican border, and NAS is proposing the expansion of the ICE vetted unit so that part of it can be turned over to the Panamanian National Police (PNP) as a major crimes unit that can concentrate on the Costa Rican border area, where local police units are highly corrupt. Post will also work with PNP to develop an effective highway patrol force to interdict drugs throughout the Pan-American highway, and move maritime assets to cut off maritime-land transfer points along the coast. As the Department determines Merida Initiative funding and allocations for the next year, Post encourages all concerned to direct as much support as possible into flexible NAS and USAID funding that can be used to respond to emerging threats in a creative and flexible manner. End Summary.

The Virtual Border

13. (S//NF) The Panama-Costa Rica border is described by CBP, ICE, DEA and NAS personnel as a "joke." Panamanian Minister of Government and Justice Jose Raul Mulino told Charge July 24 that the border area was a "no man's land" without effective GOP control. There is virtually no control over people or goods flowing across the border due to two factors. First, at the main international crossing point on the Pan-American Highway at Paso Canoas, there is a small Free Trade Zone (FTZ) sitting directly on the border. Mostly controlled by Palestinian families linked to relatives in the Colon Free Trade Zone, this FTZ is not in and of itself of great concern to law enforcement, though some of the businesses are involved in money laundering and smuggling. Rather, the very existence of the FTZ renders the border ineffective, as there are houses and businesses with one door in one country, and another door in the other. People wander in and out of the two countries as they shop. In order not to disrupt a local generator of wealth, officials in both Costa Rica and Panama have adopted laissez faire customs and immigration policies to accommodate the FTZ. The second factor is the existence of parallel roads on either side of the border from the Pacific to the top of the Talamanca mountain chain that runs through the two countries. In Panama, this corresponds to the province of Chiriqui, long a laid back agricultural area. The presence of the parallel roads on either side of the border, with over 200 crossing points between them, means that there is no way to effectively control the cross border traffic in people or goods at the border. Post believes that Panama must move to a U.S. Border Patrol-style mobile patrol doctrine to control the goods and people following into Panama from Costa Rica. To that end, NAS has been sponsoring periodic deployments of U.S. Border Patrol agents to Chiriqui to help train the SENAFRONT police who patrol the area.

Ingrained Corruption

14. (S//NF) Adding to the difficulties of controlling the Costa Rican border, Post has credible information that the Panamanian National Police (PNP) commander for the Chiriqui province, Sub-Commissioner Bartolome Aguero, is himself working with criminal networks in Panama. Aguero is reportedly a member of a network of corrupt officers at the sub-commissioner rank in the PNP. PNP Director Gustavo Perez told POLOFF and NAS July 23 that the PNP had a corruption problem at "very high levels" in Chiriqui, and that he was examining how to deal with it. Even if Aguero is relieved of his command, the PNP upper ranks in the province are probably also tainted, and cleaning up the police force in the region will take time, and probably lead to a period of lower operational efficiency. At the same time, members of the SENAFRONT deployed on the Costa Rican border are reluctant to search vehicles for fear of uncovering criminal acts linked to powerful local or national politicians, according to PNP sources in Chiriqui. Several of the local criminal networks are led by local elected politicians, who traffic drugs and weapons in vehicles with official license plates. While

SENAFRONT officers are generally more dedicated and honest than PNP officers in Chiriqui, their institution is focused on securing the Darien Province on the other end of Panama from the FARC and Colombian DTOs, and the officers on the Costa Rican border have not felt, up to now, that they had high level support to confront entrenched corruption among politicians. There is also considerable corruption among officers of the National Immigration Service (SNM) and the National Customs Authority (ANA) throughout Panama, meaning that governmental institutions are disinclined to work together because they cannot be sure if their colleagues from other institutions are honest or corrupt. This fact has undermined the effectiveness of the NAS-funded and CBP-assisted Guabala checkpoint on the Pan-American Highway in eastern Chiriqui, which is the last real checkpoint on the highway before the border. The checkpoint has highlighted the difficulty of controlling smuggling in the area through fixed checkpoints, as new roads quickly sprouted up around it allowing vehicles to circumvent the checkpoint.

The Mexicans are Coming!

15. (S//NF) DEA, NAS and other agencies at Post report that there is a growing presence of Mexicans near the Costa Rican border. However, they also report that the presence is not yet massive, nor are there signs that one particular cartel is dominating the market. One member of MS-13 has been identified on the border, and there are reports that up to ten MS-13 members are in the area. It is not clear if the Mexicans and Central American gangs are using the area to hide out (some are reportedly prison escapees from Honduras), or if they are setting up operations in the area. Their presence on the border, however, coincides with an increase in violence, including horrific murders of a kind associated with Mexican and Central American gangs. SENAFRONT Deputy Commander Commissioner Cristian Hayer told PolOff July 24 that there had been ten executions in the area this year, where previously there had been none. He speculated they could be a result of score settling, or attempts to rob drug shipments. The up-tick in violence, and the Mexican and Central American presence near the border have drawn attention to Panama's vulnerability to these gangs should they eventually decide to move decisively into the area. With U.S. and Panamanian security assets mostly concentrated on the drug trafficking problem in Panama City, the Darien, and Panama's territorial waters, the Costa Rican border is Panama's unguarded back door.

Drugs, Guns and Money

16. (S//NF) Adding to Post's concern over the Costa Rican border is the possibility that overland traffic is becoming more important. SENAN Deputy Director Commissioner Juan Vergara told PolOff July 17 that as a result of recent increased pressure by U.S. and Panamanian maritime assets in Panama's territorial waters (see reftel), there had been an increase in the number of go-fast vessels making short trips up from Colombia to the Gulf of San Miguel in the Darien, and transferring their drug loads onto vehicles for shipment through Panama and across the border by road. Post's TAT and DEA/TAT Cartegena have also reported that Colombian drug traffickers have shifted their tactics in response to the added pressure, and are now taking a shore-hugging route at low speed, and transferring their loads to the road as soon as possible. Post TAT has also noted that some maritime trafficking routes end off the coast of Chiriqui, where loads are transferred to the Pan-American Highway at one of several small isolated landings within a short distance of the highway. In one case, a go-fast loaded with cocaine from the FARC 57th Front was loaded directly on to a truck before being seized by police. In the last month DEA has had several multi-ton land seizures from tractor trailers traveling on the Pan-American Highway. If this trend is confirmed, the border area would emerge as a strategic choke point in the

drug trade. Panamanian attempts to suppress this route might then be expected to bring about a violent response, and to encourage Mexican, Central American or Colombian gangs/cartels to move aggressively to control the area and resist Panamanian efforts.

17. (S//NF) Javier Fletcher, former Deputy Secretary General of the National Intelligence and Security Service (SENIS) told PolOff June 11 that the Costa Rican side of the border functioned as a weapons super market for Drug Trafficking Organizations (DTOs), the FARC and other illegal armed groups in Panama and Colombia. He said buyers in Panama could approach agents of weapons dealers in David, the capital of Chiriqui, or at pre-identified locations along the border, indicate the weapons they were interested in, examine representative samples, and if they were satisfied, place their orders. Agencies at Post concur with this assessment, and add that the weapons are then delivered to buyers via local smuggling organizations. Small shipments may be handled by one of the 30 small Panamanian gangs operating in the area, while larger shipments are brought over by established smuggling networks, which are usually Panamanian-Colombian in their make up, and often have local political ties. SENAFRONT estimates that \$10-20 million in cash may pass across the border to Panama every month as repatriated drug profits, but Post cannot confirm the number.

Law Enforcement Strategy

18. (S//NF) Post believes that the reason the Mexican cartels and Central American gangs have not moved in force to take control of the Panamanian-Costa Rican border area has been that the guns, drugs and money are flowing so freely, that it is not necessary at this time. Post also believes that if they were to move into the area, the Panamanian law enforcement agencies would stand no chance against them, due to their poor morale, pay, and training, in addition to their relative lack of highly trained tactical units, body armor, or armored vehicles. However, allowing the Pan-American Highway land route to absorb ever greater volumes of drug trafficking threatens the stability of Central America, as it brings with it an even greater logistical support structure that strengthens the corruption, gangs and violence that threaten the region.

19. (S//NF) Post believes that it is essential to launch a comprehensive and synchronized campaign to strengthen the GOP's ability to control this area immediately, in an attempt to reduce its relative importance in the Central American transit corridor before it attracts the attention of the major cartels. To this end, NAS proposes to expand the size of the recently created ICE vetted unit in the PNP by 25 men, and to place part of this group under the control of PNP Director Gustavo Perez and his deputy, Jaime Ruiz. Such a unit, operating out of Panama City, would be used to intercept drug and weapons shipments discovered by PNP intelligence units without having to share the information with local PNP units penetrated by drug-traffickers. This unit would be protected by PNP and SENAFRONT tactical units, to dissuade acts of intimidatory violence on the part of Panamanian, Mexican and Central American gangs present in the area. Post will also encourage the PNP to increase the mobile patrolling of the Pan-American Highway to reduce the effectiveness of the land route. Post is also discussing with the MOGJ the possibility of creating a counter-narcotics maritime task force by combining SENAN assets with the NAS-supported PNP maritime unit, the UMOF. This would centralize Panama's maritime counter-narcotics assets, and allow Panama to attempt to block the maritime access routes to the Pan-American Highway in Chiriqui, which would help relieve pressure on the area, and reduce its attractiveness to Mexican cartels. Taking advantage of the desire of the new leadership in the SNM and ANA, Post's CBP and ICE offices will also work to set up establish units that can work with the police and help establish an effective border control system. Post's DEA office is also planning to increase the

size of its highly successful Sensitive Investigative Unit (SIU) and increase its coverage of Chiriqui.

Merida Initiative Support

¶10. (S//NF) As Post moves forward with this flexible inter-agency strategy to suppress land-based trafficking in drugs and weapons in Panama and on the Costa Rican border, we request that the Department exert efforts in the Central American Security Initiative budget process to direct as much support as possible to NAS in the form of flexible funds that can be used to fund creative responses to a rapidly evolving security situation. NAS funds have been critical in developing Post's extremely successful Community Policing Strategy, which has been wholeheartedly adopted by the new PNP leadership under Director Perez. NAS has also been a leader at Post in focusing on the problems on the Costa Rican border. But earmarked funds from Washington do not allow Post to quickly react to a shifting threat, or to rapidly move to support a good idea, or to abandon one that is not taking off.

Anti-Gang Programming

¶11. (S//NF) Recent reports from the PNP and local contacts also indicate a significant increase in gang activity along the Panamanian highway west from Santiago, in Veraguas, to the Costa Rican border. Some of these gangs may be linked to gangs in Panama City, indicating a disturbing trend towards national gangs. To respond to the increased gang activity in these non-traditional areas, USAID proposes expanding the scope of the USAID Merida-funded gang-prevention program. The USAID program focuses on the role of the community and broader civil society in preventing and mitigating youth violence, and strengthening coordination of government and non-government actors to provide expanded positive alternatives for youth. The USAID approach works closely with key government counterparts, notably the Ministry of Social Development and the PNP, in order to provide improved and coordinated multi-sectoral responses, while engaging a network of private sector entities and community groups to take a proactive role in providing expanded alternatives for young people while simultaneously fostering a demand for improved services from government entities.

Increased Manpower

¶12. (S//NF) Post would also strongly encourage increased staffing of its DEA, TAT and ICE offices. Among the most efficient in the region, these offices need more staff to apply sufficient pressure on the Costa Rican border area while maintaining pressure on the maritime routes. The successful implementation of this strategy would also relieve drug trafficking pressure on other Central American countries, and disrupt FARC drug and weapons trafficking to and from Colombia.

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